



**STATE OF MISSISSIPPI**  
HALEY BARBOUR, GOVERNOR

**DEPARTMENT OF FINANCE AND ADMINISTRATION**  
J.K. STRINGER, JR.  
EXECUTIVE DIRECTOR

February 28, 2005

**SINGLE AUDIT FINDING**

Phil Bryant, State Auditor  
Office of the State Auditor  
State of Mississippi  
P.O. Box 956  
Jackson, MS 39205-0956

Dear Mr. Bryant:

The following is our response to the finding and recommendation contained in your Single Audit Management Report dated February 18, 2005.

**AUDIT FINDING:**

93.UN Various

**ALLOWABLE COSTS/COST PRINCIPLES**

04-23      Transfers from Self-Insurance Funds Should Not Include Federal Funds

Response:      We concur with this finding.

**Corrective Action Plan:**

- A.      Based on discussions with the federal DHHS negotiator assigned to the State of Mississippi, it is our understanding that the determination of refunds required by the federal government will be made in conjunction with the review and approval of the applicable year's Statewide Cost Allocation Plan. When the proposed FY 2006 plan is submitted to the federal government, we will submit information about the FY 2004 transfers and begin the negotiation process to determine appropriate action.

Honorable Phil Bryant

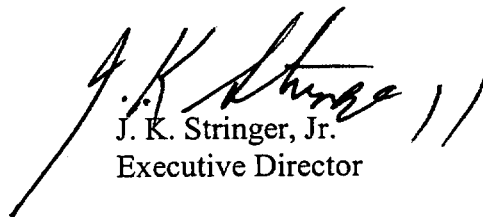
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- B. Mrs. Sandra Lohrisch, Director of the Office of Budget and Accounting, will be responsible for coordinating the corrective action.
- C. Final settlement of this issue will depend on review of the state's SWCAP for FY 2006 by the federal cognizant agency and subsequent negotiations with the federal government.
- D. Not applicable.

If you should need additional information concerning this response, please let me know.

Sincerely,



J. K. Stringer, Jr.  
Executive Director